

NEW LEGISLATION WILL HELP FIGHT IDENTITY THEFT

Consumers have a new tool in the fight against identity theft. The Louisiana Legislature recently passed a law that will allow consumers to place a “security freeze” on their credit report. This “security freeze” prohibits a credit-reporting agency from releasing the consumer’s credit report without the express authorization of the consumer. This new law will give consumers more control over who has access to their credit report, thus helping to reduce the risk of identity theft. If you would like to view the full text of the bill, please visit www.legis.state.la.us. The following will help you learn more about this new law.

How do I place a “security freeze” on my credit report?

Contact each of the three national credit-reporting agencies in writing:

- **Equifax Credit Information Services, Inc.**
P.O. Box 740241
Atlanta, GA 30374
- **Experian**
P.O. Box 1017
Allen, TX 75013
- **TransUnion**
P.O. Box 2000
Chester, PA 19022

How does a person lift a freeze?

When a consumer initially writes to the credit reporting agencies to place the freeze, the consumer reporting agency will issue a unique PIN number to the consumer and include the process, whether is be by telephone or web

Will creditors be able to extend additional credit to their existing customers without the freeze having to be lifted?

Yes.

Are there any exempted purposes that allow a credit report is not subjected to the freeze?

Yes in the following cases: If provided to:

A federal, state, or local governmental entity, including a law enforcement agency, or court, or their agents or assigns.

A private collection agency for the sole purpose of assisting in the collection of any existing debt of the consumer.

A person or entity, or a subsidiary, affiliate or agent of that person or entity, or an assignee of a financial obligation owing by the consumer to that person or entity, or a prospective assignee of a financial obligation owing by the consumer to that person or entity in conjunction with the proposed purchase of the financial obligation with which the consumer has or had prior to assignment an account or contract...

A child support enforcement agency

A credit reporting agency that acts only as a reseller of credit information by assembling and merging information contained in the database of another credit reporting agency and does not maintain a permanent database of credit information from which new credit reports are produced.

A check services or fraud prevention services company

A deposit account information service company

What is the total amount a consumer would have to pay to place a lift a freeze?

There are 3 national reporting agencies that maintain credit reports in a consumer name. A \$10 initial fee to place the freeze would have to be paid to each of the three companies. The freeze would remain in effect until such time as the consumer chose to lift the freeze for a specified amount of time according to the consumer's wishes. The cost to temporarily lift the freeze would be \$8 per lift (\$24 total).

Why is the fee set at this rate?

The original bill only called for a one-time maximum \$8 fee. However in the spirit of cooperation the bill was amended to move to a transaction-based fee schedule that would place the cost on the consumers who use the service and to provide adequate funding for the local credit reporting agency to cover the cost of implementation. The credit reporting industry would prefer to charge even more. Hopefully as technology improves and the system is up and running this fee will be voluntarily reduced by the industry so that more consumers can take advantage of the service.

Is the banking and credit card industry against this bill?

No. Both industries advised the AG they would not oppose the bill. Supporters of the bills already agreed to nearly 50 amendments to put the law in a posture that makes it easier to implement by the credit reporting industry.

Does any other state have similar legislation?

Yes, this bill is modeled after a law in California. Texas and Vermont have similar legislation, however, it only allows a freeze to be placed for individuals who can demonstrate they have had their identity stolen.

The importance of this bill is that the measure is pro-active and allows any consumer to take a pro-active role in protecting his or her own credit.

Will this bill reduce identity theft?

This bill is designed to address one form of identity theft, when a person steals a person's identity and opens up new lines of credit in that person's name.

Two independent surveys conducted last year by Gartner Research and Harris Interactive both concluded that as many as 7 million American consumers in the last year had been the victims of having new accounts fraudulently opened in their names, which would have been at a rate of 13.3 new victims per minute

Based on these surveys, it can be concluded that businesses have been burdened with costs of up to **\$119 billion** related to the type of identity theft that security freezes target for prevention.

Is anyone exempted from having to pay to place or lift a freeze?

Yes, victims of identity theft and citizens aged 62+

What is the effective date of implementation?

July 1, 2005

Will many people use this service?

Obviously this service is for individuals who are diligent enough to want to protect their credit and who are aware of the availability of the law. Unfortunately, it does cost money but we hope the cost will decrease as the initial implementation costs and improvements in technology make operating the service less expensive.

The Attorney General's office will include this service in its public education efforts and will work with Councils on Aging and Better Business Bureaus on consumer education regarding the value of this service.